

MILITARY/INSTITUTIONS

PRICE REDUCTION FLOW THROUGH TIMETABLE

August 2-20	- Implement retail rollback procedures.
August 5-6	- Suspend RJR shipments to direct accounts.
August 6	- Final day for placement of coupons/VPRs/buydowns (full price and savings) at direct ship-to locations.
August 6	- Last day for direct accounts to return unsaleable goods at higher price.
August 9	- Direct accounts begin selling at new price.
August 9-20	- Selectively promote W/C/D to maintain price parity at non-direct retail outlets. Where applicable, secure rollback POS/pricing communication.
August 20	- Final day for placement of coupons/VPRs/buydowns (full price and savings) at retail.

Beginning with shipments for delivery August 9, 1993, the new RJR military/institutional list price for standard King size and 100s product is as follows:

WINSTON, SALEM, CAMEL, VANTAGE, MORE, NOW

Kings & 100s	\$630.00/case (12M case)	\$10.50/carton	\$52.50/M
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CENTURY

Kings & 100s	\$504.00/case (12M case)	\$10.50/carton	\$42.00/M
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WINSTON Select B5G5F

Kings & 100s	\$315.00/case (12M case)	\$5.25/carton	\$26.25/M
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DORAL, MAGNA, STERLING

Kings & 100s	\$339.00/case (12M case)	\$5.65/carton	\$28.25/M
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NOTE: Please carefully read the attached customer letter sent to all military/institutional customers on July 30, 1993

It will not be necessary to take a physical inventory at any military or institutional account.

Direct ship-to military/institutional locations will receive a credit memo or check for the difference between the old and the new price based on their average week purchases during the four-week period ending July 23, 1993. Credit memos or checks will be paid as soon as possible after August 9, 1993.

All direct military and institutional accounts to begin selling at the new lower price effective August 9, 1993.

August 6, 1993 is the last day to place coupons/VPRs/buydowns on full-price and savings brands in any direct ship to military or institutional account.

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During coverage of all direct military accounts between August 9-20, if an account has not lowered their pricing on any or all R. J. Reynolds Tobacco Company products, immediately E-Mail this information to Ralph Gaillard in Winston-Salem. Specify the account, date of visit, pricing in effect, and the information obtained from the "Manager" regarding new pricing effective date or directive they received from their headquarters. Contact with the military headquarters will be made immediately for resolution.

Defense Commissary Agency (DeCA)

Effective August 9, 1993, all commissaries in the U.S. (Alaska and Hawaii) will reduce prices to:

	<u>Per Carton</u>
Full Price	\$10.50
DORAL, MAGNA, STERLING	\$5.65
* MONARCH	\$4.50/\$4.75

* MONARCH will remain at \$4.50 Kings and \$4.75 100s. Per customer letter dated August 2, 1993, MONARCH Kings will be increased to \$4.75 per carton on September 6, 1993.

Navy Exchange Command (NEXCOM)

NEXCOM has advised that effective August 9, 1993, they will reduce their retail prices in the U.S. stores (Alaska and Hawaii) to:

	<u>Per Carton</u>
Full Price	\$14.00
Savings	\$ 8.75

Savings brands retail prices include all mid- and low-price brands to include our DORAL, STERLING, MAGNA, comparably priced competitive brands and G.P.C.

NEXCOM has advised they will continue to use variable pricing in certain locations. Expect higher retail prices for all companies' products in these locations than those listed above.

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Army Air Force Exchange Service (AAFES)

AAFES has advised they will reduce their retail prices on August 9, 1993 in their stores in the U.S. (Alaska and Hawaii) to:

Per Carton

Full Price	\$13.75
Mid-Price DORAL, MAGNA, STERLING	\$8.40
Low-Price * MONARCH	\$7.00

* MONARCH will remain at \$4.50/\$4.75 list price and change as noted above under the DeCA section.

Marine Corps Exchanges (MCX) Coast Guard Exchange Service (CGES)

Contacts with the Marine and Coast Guard headquarters are currently being made. You will be advised on the status for these accounts by Wednesday, August 4, 1993.

NON-DIRECT MILITARY/INSTITUTIONAL ACCOUNTS RETAIL COVERAGE/PROCEDURES

Follow the retail domestic coverage/procedures in all non-direct military/institutional accounts.

NOTE: We will not send a letter or a rollback POS kit to military or institutional outlets.

Between August 2-20, explain to your military retail outlets our rollback strategy and supply the outlet with rollback POS where applicable for placement to advertise their new lower price when they decide to roll back their price in their store.

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MONARCH - Military Only

Continue to promote MONARCH in all military outlets utilizing the MONARCH \$1.00 coupon (item #414504).

POS

Where applicable, utilize the rollback POS to communicate the price points on all RJR products.

NOTE: Military Managers will not receive a drop shipment of POS. Quantities needed must be obtained from the division office or ordered via SMS. (A list of available POS items can be found on page 10 of the Price Rollback Procedures Manual.

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